

1 Q When the PRP program stopped being
2 used in 2004, did any program replace it or fill
3 that void?

4 A The -- at the beginning of 2005 is
5 when the MICP was expanded to include all
6 employees. In effect it was picking up all
7 employees who had been eligible for the PRP.

8 Q When the math is all said and done
9 under the management incentive compensation
10 program, how are the bonuses paid out? Are they
11 cash lump sum, how does that work?

12 A The bonuses are cash lump sum.

13 Q When are they typically paid out?

14 A Typically they're paid on March 15th
15 of the calendar year following the year of
16 performance.

17 Q Are any bonuses ever paid in
18 something other than cash?

19 A We have a long term incentive program
20 which is paid in some form of stock.

21 Q Okay. And what does an employee need
22 to do to be eligible for that and to get stock
23 under that plan?

24 A They need to be an officer of the
25 company or one of the directors of our UK

1 organization or a member of the management team of
2 the investment area or a senior level manager in
3 the sales organization.

4 Q Okay. Is there anybody either the
5 head of claims or anybody under the head of claims
6 eligible under that long term incentive program?

7 A The head of claims is an officer of
8 the company, as well as the head of claims has
9 certain officers reporting to him and they are
10 eligible as officers of the company.

11 Q What's the definition of an officer
12 of the company under that plan?

13 A Under that plan, as with other
14 definitions of officers, it's people who hold the
15 title assistant vice president or above.

16 Q How is that calculated? How do they
17 decide how much stock an employee is entitled to?

18 A The program is very similar to the
19 MICP program. There are target award levels based
20 on your job level. Those targets are established
21 by human resources based on market data. And then
22 the LTI program, just like the MICP program, has
23 financial factors which determine the achievement
24 level for that program. And then if you're
25 eligible, in addition to making a recommendation